



Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget (2023)

By: Transport Action Atlantic

List of Recommendations for Budget 2023

- **Recommendation 1:** That the government provide \$1.5 billion to fund the procurement of a new long distance, regional and remote train fleet for VIA Rail Canada.
- **Recommendation 2:** That the government provide funding to protect and upgrade the rail line used by VIA Rail in New Brunswick.
- **Recommendation 3:** That the government honour its promise to address the unreasonable cost recovery requirements for Marine Atlantic ferry service to Newfoundland.
- **Recommendation 4:** That the government support the provision of year-round ferry service to Campobello Island.
- **Recommendation 5:** That the government support existing and expanded intercity bus networks across Canada.
- **Recommendation 6:** That the government contribute funding to restore freight rail service across Cape Breton island.



Transport Action Atlantic (TAA) is a non-profit organization advocating for convenient, affordable and sustainable public transportation in Atlantic Canada. An affiliate of Transport Action Canada, TAA has been representing the interests of users of public transportation in Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland, since 1977.

As the federal government prepares Budget 2023, TAA is presenting several focal areas that we believe are key for inclusion in this year's budget.

- **1. PASSENGER RAIL:** (1.1) Fund a new long distance, regional and remote train fleet for VIA Rail Canada, and (1.2) protect and upgrade VIA's network in Atlantic Canada
- **2. FERRY SERVICE:** Support service to (2.1) Newfoundland and (2.2) Campobello Island
- **3. INTERCITY BUS NETWORKS:** support for existing and expanded intercity bus networks
- **4. FREIGHT RAIL:** support the future of freight rail transportation in Cape Breton

1. PASSENGER RAIL

1.1 PROTECT THE FUTURE OF PASSENGER RAIL FROM COAST TO COAST BY FUNDING A NEW VIA RAIL LONG DISTANCE, REGIONAL AND REMOTE TRAIN FLEET

VIA Rail provides passenger rail service to Canadians from coast to coast. In Atlantic Canada, this takes the form of VIA's *Ocean* service between Halifax and Montreal, connecting more than two dozen communities along the way. This route serves many communities with limited transportation options, and provides a safe, comfortable, and environmentally conscious way to travel within the region. The future of this service, however, is in severe jeopardy due to ageing train equipment that is nearing the end of its serviceable life.

VIA is currently receiving brand new state-of-the-art trains to replace its ageing equipment in the Quebec City-Windsor Corridor. Funded in Budget 2018, this new fleet will provide a modern, efficient, and fully accessible experience for travellers in the Corridor. It's time for Canadians in the rest of the country to be provided with a rail service that meets this same standard.

The train fleet that supports VIA's long distance, regional and remote fleets is largely nearing 70 years old, and is fast approaching the end of its serviceable life. The existing fleet also falls well short of modern expectations for amenities and accessibility. Structural issues identified recently present an even greater urgency to the need to replace this fleet as soon as possible.

VIA Rail has already prepared a business case, and issued a notice of market consultation on January 27, 2023. VIA is ready to proceed with procurement; they just need the funding to support this project.

TAA is asking the federal government to immediately provide the funding for VIA to proceed with a formal procurement process to replace the entire train fleet used on the long distance, regional and remote services.

Critically, this funding should be support an order for enough trains to provide *daily* service on long distance routes. In the case of the *Ocean*, this would mean sufficient equipment for 3 full trainsets (with appropriate spares). It is critical that VIA be able to use this opportunity to lay the groundwork for a future return to former levels of passenger rail service nationwide.

1.2 PROTECT AND IMPROVE PASSENGER RAIL SERVICE IN ATLANTIC CANADA BY INVESTING IN THE NEWCASTLE SUBDIVISION

VIA's *Ocean* service has seen severe degradations in its overall schedule through recent decades. Most of this schedule is due to the deterioration of a section of track in New Brunswick, known as the Newcastle Subdivision. In 2014, a last minute agreement between the governments of Canada and New Brunswick saved this line from abandonment, but it has been allowed to deteriorate to the point that trains can run at a maximum of 30 miles per hour (48 km/h) for lengthy stretches of the line.

These slow speeds reduce the competitiveness of the train service, and reduce performance on a section of the line that provides important service to communities with few other travel options.

TAA is asking the federal government to provide either (a) the funding for this line to be upgraded to restore past speeds, and thereby significantly reduce the *Ocean's* travel time, or (b) provide VIA with the funding to purchase this section of the line from CN, allowing them to set the standards for maintenance and track quality, and ensuring the long-term viability of the *Ocean* service through northern New Brunswick.

2. FERRY SERVICES

2.1 Newfoundland

Canada has a constitutional obligation under the 1949 Terms of Union to provide a reliable and affordable ferry service between North Sydney and Port aux Basques, but the cost to users has been surging rapidly upwards at an alarming rate.

Under the previous Conservative government, Transport Canada imposed a cost recovery target of 65% on Marine Atlantic. This has remained unchanged under the current government – despite a campaign commitment by Justin Trudeau in 2015 that termed the existing cost recovery requirement as “unreasonable” and pledged to address it if elected. It’s a promise that has not been fulfilled, and ferry rates have continued to rise in excess of the cost of living index.

Transport Action Atlantic believes the spirit of the Terms of Union that made Newfoundland and Labrador a part of Canada should be respected, and that Term 32 must be viewed in a modernized context. The ferry crossing of the Cabot Strait is part of the Trans Canada Highway, and should cost users no more than driving the equivalent distance by road. This is an obligation assumed by the Government of Canada in 1949, and remains as valid today as it did then – notwithstanding the passage of time and changes in transportation technology.

TAA is asking the federal government to honour its promise to address the unreasonable cost recovery requirements, and provide fair ferry pricing for the people of Newfoundland.

2.2 Campobello Island

Campobello Island, located in the Bay of Fundy off the New Brunswick coast, has limited connections to the Canadian mainland. The only land connection to Campobello is through the United States. Canadian residents of Campobello Island see a level of isolation, with numerous services that Canadians take for granted being either unavailable or greatly restricted. Believing that the permanent residents deserve better than to be wholly subject to the shifting entry requirements of the United States, the Campobello Island Ferry Committee, a group of islanders past and present, have dedicated time, effort, and dollars to building the case for a year-round ferry connection between the island and mainland New Brunswick.

A 2019 ACOA-funded study concluded that there is justification for a year-round ferry to operate on business case alone, at a cost of \$2 million annually, as \$3 million annually in economic activity would be recovered from islanders shopping in Canada as opposed to the US. Based on this business case data, the Council of the Rural Community of Campobello has pleaded with both the provincial and federal governments to provide the permanent year-round ferry connection to Canada that they believe they deserve.

TAA is asking the federal government to provide the funding required to support a year-round ferry service to Campobello Island, ensuring that citizens can access the Canadian mainland year-round without the need to travel through the United States.

3. SUPPORT FOR INTERCITY BUS NETWORKS

PROVIDE FUNDING TO ESTABLISH AND SUPPORT INTERCITY BUS NETWORKS THROUGHOUT THE REGION

Intercity bus transportation provides a critical link between communities, allowing people to travel to access services, attend medical appointments, and visit family and friends. Intercity bus networks also provide opportunities for visitors and tourists to access communities without the need for a private vehicle. Buses move people in a more environmentally conscious way than private vehicles, and also provide the ability to provide parcel shipping services along the routes they serve.

Canada lacks a cohesive intercity bus network, and many areas of the country have no bus service whatsoever. In Atlantic Canada, companies like Maritime Bus provide service to many communities, yet other regions (like southwest Nova Scotia) lack any bus service at all. Residents and visitors have no choice but to drive, or make use of limited and expensive private car services.

There is a clear need for a federal program to support and encourage the establishment and expansion of intercity bus networks, whether in the form of line-haul services with larger vehicles, or in the form of smaller community-led programs. This is critical for providing mobility services, especially in areas where passenger rail does not exist.

TAA is asking the federal government to provide funding for intercity bus networks across the country, especially in areas where they do not currently exist. Further, TAA is also calling on the government to support existing bus operators to ensure that services continue to be available, frequent, and affordable.

4. FREIGHT RAIL

PROTECT THE FUTURE OF FREIGHT RAIL SERVICE IN CAPE BRETON

Nearly eight years after the last freight train ran over the 96-mile section of the former CN Sydney Subdivision, the Province of Nova Scotia continues to pay the current owner of the line, US-based Genesee and Wyoming Corporation in an agreement not to remove the track. Originally built at taxpayer expense, this rail line was a public asset for over 100 years, and when Crown-owned CN turned it over to the initial private operator in 1993, its then-CEO gave assurance in writing to the premier of Nova Scotia assuring continuing rail service in the event the new arrangement didn't work out. The subsequent privatization of CN did not simply make that commitment go away. If it's no longer an obligation of the railway company, then the Government of Canada must accept responsibility for a commitment made by the Crown corporation's CEO on its behalf.

The traffic that previously moved on the railway has been forced to use an inadequate highway system, with serious environmental and safety implications, not to mention the maintenance burden placed on the Province as a result of damage to infrastructure caused by heavy transport trucks. The Nova Scotia government also faces growing pressure for extremely expensive highway twinning – at far greater cost than the modest investment required to place the rail line back in service.

Preserving the rail line could also allow the possibility of re-establishing passenger rail to Cape Breton at some point in the future. The Halifax-Sydney route operated by VIA Rail prior to 1990 was a well-patronized service, and could be a part of a policy to expand passenger rail across the country. Such an initiative would be fundamentally limited to areas where tracks still exist.

TAA is asking the federal government to cost share with the province of Nova Scotia and the private sector on the \$135 million required to restore the rail line across the island to operating condition. A further infrastructure investment in one or two small intermodal facilities at strategic locations would enable traffic to both Cape Breton and western Newfoundland to be transported by rail in a more environmentally sustainable manner, while substantially reducing the maintenance burden on highway infrastructure and enhancing road safety.